

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Modernizing the E-rate)	WC Docket No. 13-184
Program for Schools and Libraries)	

**INITIAL COMMENTS OF KEVIN MATTESON REGARDING
NOTICE OF PROPOSED RULEMAKING**

Kevin Matteson respectfully submits the following comments in response to the FCC's Notice of Proposed Rulemaking to modernize the E-Rate Program for Schools and Libraries.

I am a recently retired Manager of Network Services for the Tulare County Office of Education (TCOE) in central California, an Educational Service Agency (ESA) in SLD parlance. The comments contained herein are my own and do not necessarily reflect the positions of my previous employer, but are based upon my experience as coordinator for E-Rate activities within TCOE and my interaction with the forty eight school districts that TCOE serves.

HISTORY

In the more than twenty two years that I supported telecommunications and networking for TCOE our primarily rural county saw the full gamut of telecommunications technology from 1200 baud modems supporting dumb terminal connections to hundred megabit connectivity to world wide resources. TCOE was an early adopter of Internet access for schools, forming a loose consortium with neighboring COEs in order to buy Internet connectivity to be distributed to school districts as early as 1994. Soon thereafter a modernization of the network supporting higher education throughout the state spurred the creation of a comprehensive educational network labeled the Digital California Project (DCP) and TCOE, along with fifty seven other County Offices of Education in California, received node sites on this network. When E-Rate funds were announced TCOE determined that it must become an E-Rate service provider so that the Internet Service Provider (ISP) services it was offering could be cost competitive when compared to the offering of commercial providers that would now be discounted. As the DCP network became reality throughout the state a majority of the other COEs' took a similar approach.

PROGRAM CUDOS

As coordinator there are some specific elements of the E-Rate program that were particularly helpful and that deserve praise and recommendation that they be continued as E-Rate moves forward. Of particular note is the outreach that has been made by Mel Blackwell and his team. To those involved in myriad details that the program requires the outreach programs are a lifeline. By personally presenting education on the program and making themselves available via phone or e-mail the SLD principles, including Mr. Blackwell himself, have made it known that they are there to help and should be commended for the effort. Additionally the Helping

Applicants to Succeed (HATS) program has proven itself to be innovative and proactive where unusual circumstances require a more personalized approach. This program may be currently underutilized but will be of great help as E-Rate transitions.

INTRODUCTION

It is with the experiences referenced above that I respectfully submit the following recommendations:

In brief and to be expounded on more fully in the discussion below adjustment to the funding cap is worthy of consideration but this must not be solely relied upon to overcome the needs of the program. Further categorization of eligible services must be accomplished, with minimum one hundred meg connections to all schools being the number one priority.

State by state contribution to this goal, such as was encouraged by the BTOP/ARRA grants, must be pursued so that agencies other than just individual schools play a part in the development of these desperately needed resources .

Equity must be applied so that schools that have never benefitted from priority two funding may receive adequate resources to build infrastructures and hard choices must be made relative to what services remain eligible if the integrity of the program's goal of cost effective services is to be maintained.

Secondly responsiveness of the program relative to funding requests must be revised. Funding is sometimes repeatedly requested because requests were still pending. The encouragement of multi-year contracts for recurring services through the development of mechanisms to assure multi-year funding commitments is likely to lower the administrative backlog significantly.

Further, I believe the E-Rate program must consider modification of how it treats Educational Service Agencies with the result being a hybrid between funds recipient and services provider or perhaps just some softening of the competitive bidding rules as they are applied in certain areas.

PROGRAM FUNDING

To many the solution is obvious; allocate more funding. Requests total \$4.9 billion and the cap is less than half of that. The solution is to simply raise the cap. But the \$4.9 billion figure is not fully representative of the need. Given that funding of Internal Connections has seldom dropped below the 80% funding level for the past ten years or more, schools which fall below this level have given up on making requests, even though many of them have never received any internal connections monies from the program. Clearly, increasing the funding cap is not the answer as there is likely no end to the demand.

Although funding levels will need to be increased this is not the full solution. If the availability of true broadband to every school is to be prioritized, as the NPRM and the comments of several commissioners suggests, then many of the other eligible services currently funded by E-rate, including many services currently listed in the priority one category, must be eliminated or de-prioritized. This suggests the addition of more categories. The elimination of funding for some priority one services, as some have suggested, is inevitable.

Simplifying the program by eliminating funding for all but core broadband connectivity is the only way to achieve the goal of 100 meg connection to every school, with adequate distribution of that service within the school as a priority over ancillary services such as e-mail, web hosting

and traditionally funded services such as voice and cellular services. These will not be popular reforms, but it is unconscionable to allow remote schools to languish with connections that are less than adequate or have no connectivity while more urban districts where infrastructure is readily available have the benefit of funding for anything they desire.

Even though Tulare County has a high population of National School Lunch Program students and thereby a high percentage of districts eligible for the highest percentage of E-Rate funding, there are still many districts in the county, and across the country, which have never received any internal connections funding. This is a major shortcoming of the program - particularly when many districts have had four and five equipment refreshes in the years since the inception of E-Rate. This playing field must be leveled through a different approach to the funding of non-basic-maintenance internal connections funding. Either a lifelong cap must be placed on monies used to purchase distribution equipment or a program by which hardship can be demonstrated, such as through a grant request, must be introduced. Alternately the commission's consideration of reductions in the maximum E-Rate funding to be provided, or a sliding scale to be applied to schools that have historically benefitted repeatedly from funding, may be in order.

STATE SUPPORT FOR BROADBAND DEPLOYMENT

Having the responsibility of providing connectivity to schools and other educational programs in a rural county, I was constantly challenged to find funding to develop better infrastructure to support the constantly growing bandwidth needs in an area where fiber connectivity was the exception. E-Rate funding spurred the development of fiber connectivity in many areas but once the easy connections were made the more challenging ones remained and convincing the telcos to fund higher speed infrastructures into less populated areas has become difficult. In rare cases where the E-Rate funding for a district was maximized and special construction costs were not overwhelming the district found ways to make the match. In other areas the districts still suffered. A multi-county BTOP/ARRA grant which TCOE supported provides hope for a number of districts will bring fiber resources into areas of the county where they would not otherwise be feasible. It was hoped that this network could be extended through the use of E-Rate funds but the necessary match the districts would have to contribute from their general funds to support special constructions costs of three hundred thousand dollars and more proved too dear in tight economic times, particularly for districts that do not qualify for the highest level of E-Rate support.

Before the inception of E-Rate the California Public Utilities Commission (CPUC) had developed programs to assist in the development of high speed networks in public institutions including schools and libraries. The CPUC's California Teleconnect Fund (CTF) provides a fifty-percent discount on recurring charges for telecommunications to eligible entities and this program continues to be utilized by schools though its effect is minimal in comparison to E-Rate.

The CPUC also has a program to spur the development of broadband infrastructure into unserved and underserved areas of California. The California Advanced Services Fund (CASF) was modified to support BTOP/ARRA applicants in making their program match requirements. TCOE became a party to the proceeding when comments were again requested pertaining to providing higher levels of support for infrastructure development in the absence of more federal

monies. TCOE's comments proposed that the CPUC should consider making adaptations to the CASF funding so that anchor institutions such as schools and libraries could benefit and so that federal E-Rate funds might be applied to these endeavors. The CPUC did not incorporate our recommendations but more recent requests for comments from the CPUC relative to CASF and the broadening of eligibility to include other entities including Schools and Libraries suggests that our comments are perhaps being considered after all.

California is not the only state that has developed programs to bridge the digital divide and if encouraged by the FCC through the availability of matching federal support many more will be encouraged to do so. E-Rate is not the only answer. Application of other elements of Universal Service may also need to be adjusted so that synergy may be realized among the federal and state programs and local participants whether they be telcos or anchor institutions.

FUNDING COMMITMENTS AND MULTI-YEAR CONTRACTS

There are certainly situations where significant review of funding requests, particularly when large internal connections projects are being proposed, are in order. However it is inconceivable that funding requests take multiple years for approval. A delay of more than six months often requires that the request be submitted again in subsequent years, costing the potential recipient innumerable hours for redesign and bid walks and a myriad of other costs associated with the repeat of the preliminary stages of the project while funding for the first request is still pending.

When recurring services are being requested it is generally more cost effective to procure these services through multi-year contracts. However, many vendors are hesitant to offer multi-year contracts at significant cost savings if a lack of funding in subsequent years means the service will be cancelled. Schools are certainly hesitant to enter into multi-year contracts unless they are allowed to cancel them if funds are not guaranteed. Both of these scenarios can be avoided by making funding commitments for multiple years available for certain services, such as telecom, Internet access and basic maintenance. Multiple year contracts will encourage service providers to sponsor projects that would not otherwise be cost effective.

A significant side effect of multi-year commitments will be a lessening of the administrative burden of repeated ly approving funding for services that were already reviewed for full program compliance in previous years, enabling other proposals to be reviewed more quickly. Certainly the applicant's paperwork required will be significantly lessened.

EXCEPTIONS FOR EDUCATIONAL SERVICE AGENCIES

Currently recipients, including consortiums, and providers are the only program participants with ESAs straddling the line between the two groups but forced to perform as either a recipient or a provider, and when acting as a provider, strictly following the rules of competitive bidding. There are situations in which the ESA is a lead in a consortium but from an E-Rate perspective it may also be the only available provider of the services. In some situations the ESA might otherwise be a contributor to funding match for its member districts particularly when match is allowed through in-kind services. An ESA will never be a typical vendor. Its goals are different and forcing the role of vendor on such an agency means that compromises are often made. These compromises mean that otherwise cost effective projects must be discarded.

For instance, suppose a project to build out 50 miles of dark fiber to support 25 school districts is proposed. The ESA will light the fiber and consequently the districts can buy the services from the ESA and pay the construction charges by their participation in E-Rate. However this scenario demands that the ESA cannot fund portions of the fiber for its own programs through E-Rate funding or it must relinquish all of the control of the project to a separate provider so that it may become a consortium lead. If in the case of an ESA the rules regarding funding service provides were softened then the ESA could lead the project and participate as well. The ESA is still bound to competitively procure the services that include installation of the fiber and procurement of equipment to support the installation by local and state procurement rules. Even if new rules for procurement must be developed to specifically address this scenario the result will be a step forward.

CONCLUSION

The E-Rate program has performed well in innumerable areas and its accomplishments are evident. However, new goals and a demand for more equity among recipients require that revisions be made. While additional funding applied to the same program looks good on paper it is unlikely that anything short of a ten-fold increase in funding allocated would satisfy the demand and that is something the current contribution model would never support. Consequently, a hard look at what is funded and how funds are distributed is necessary.

When construction projects of hundreds of thousands, or millions, of dollars are concerned, even recipients receiving ninety-percent funding are unlikely to be able to make the match. Consequently, alternative mechanisms must be explored. The adaptation of state-based funding programs must be encouraged to work hand-in-hand with E-Rate and other Universal Service Fund dollars. Creative mechanisms which allow ESAs to function in traditional roles while still being eligible for E-Rate dollars must be considered. Even small adaptations to the existing program, such as multi-year funding commitments, have the potential to have very positive effects on this essential program.

Thank you for your consideration of these comments. Please feel free to contact me for further discussion.

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